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ERS NEWSLETTER

A Bimonthly Newsletter for Economic Research Service Employees and Colleagues

U.S. Department of Agriculture
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Dec. 1987/Jan. 1988

ERS-U. of Maryland Seminars Announced

ERS and the Department of Agricultural and Resource Economics, U. of Maryland, have announced a joint seminar series. The purpose of the seminars is to foster a closer link between ERS and the university community and to bring about an interchange of policy research issues. The monthly seminars will be held at noon on the first Friday of each month and alternate between ERS and the U. of Maryland.

The first seminar, Nov. 6 at the U. of Maryland, was a discussion of "Farm Programs and Technological Change: Effects on Land's Share in the Value of Production" by ERS economists Susan Offutt and Robbin Shoemaker. The second seminar, Dec. 4 at ERS, will be a discussion of "Making Supply-Demand Sense of Recent Congressional Creations: ARP's, PIK's, and EEP's" led by Bruce Gardner, U. of Maryland.

Current Research

How Does Stock Market Turmoil Affect the Economy?

ERS analysts Mark Denbaly, Thomas Hady, John Kitchen, James Malley, Ralph Monaco (786-1283),



USDA

The usually hectic trading floors of the world's stock exchanges have been even more frenzied than usual since "Black Monday," October 19.

and David Torgerson have taken a look at how the stock market's violent swings over the past few weeks affected the economy. They conclude that: volatility in the stock market is unlikely to precipitate a recession; the prospects for continuing solid growth of the economy appear favorable; interest rates over the next year will probably be somewhat lower than was thought a month ago; and an overly tight fiscal policy now has a greater risk of hurting short-term economic growth than it would have had before the stock market experienced its recent swings.

Lender-Acquired Property Analyzed

ERS researchers Jerome Stam, Steven Koenig, and Gregory Gajewski (786-1886) are analyzing patterns of lender-acquired property. During the 1980's, an increasing amount of farm property has been acquired by lenders via foreclosure, deed in lieu of foreclosure, and farmer bankruptcy.

Preliminary results show that the four major institutional lenders—the Farm Credit System, commercial banks, Farmers Home Administration, and life insurance companies—now hold an estimated 8 million acres with a value of \$3.8 billion. The total acreage of lender property is equal to the combined areas of Delaware and Maryland. Lender holdings of farmland are equal to 24 percent of all land in farms sold annually. Despite the size of lender holdings, it is small compared with the 28 million acres held by lenders during the Great Depression.

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What will this family's farming operation be like in the future? ERS researchers are studying recent trends to better understand what may lie ahead.

Farm Size Class Changes Studied

ERS researchers Neal Peterson and Matthew Smith (786-1522) are projecting the changing distribution of farm sizes across regions for all U.S. farms. They are using longitudinal and cross-sectional data from the Census of Agriculture in an econometric model that will estimate probabilities of farms in various regions moving from one size class to another.

Peterson and Smith's model will enable them to analyze the relationship between farm structure and farm income, nonfarm per capita income, commodity prices, land values, and age distribution of the local population. They will also be able to predict problems and

trends in the farm economy; changes in the regional distribution of farm sizes; the expected number of large, medium, and small farms; and the number of people entering and leaving farming. Also, their model should make it possible to analyze the relationship between off-farm income and a farmer's age, educational background, and type of farm.

ERS Conducts Industry Surveys

ERS has recently completed its annual survey of 1,700 cotton gin operators, which has been conducted since 1957. The survey collects data on charges paid by cotton producers for ginning and wrapping cotton, producer harvesting practices, and charges for marketing functions. The data are used to estimate costs of production in various States and to calculate target prices as mandated by the U.S. Congress.

Another ERS survey, to collect cotton distribution data, is conducted about every 5 years. The most recent survey, now under way, covers the 1986/87 cotton marketing season (August 1, 1986–July 31, 1987). About 450 cotton warehouse operators involved in the storage and marketing of cotton have been



U.S. cotton production has declined over the last 50 years, but it is still big business in some States. Almost half of all shipments now go to mills in other countries, mostly in the Far East.

surveyed. The survey provides information on the volume of cotton moving from warehouses in each State and region to alternative domestic and foreign destinations, by mode of transportation. ERS economist Edward Glade (786-1840) coordinates the two cotton surveys.

ERS economist Nathan Childs (786-1840) is surveying 60 rice millers and repackagers to obtain information about domestic milled rice shipment patterns. The survey will provide detailed information on U.S. rice distribution patterns for the 1986/87 marketing year. The information requested includes: distribution of milled rice to major domestic outlets; distribution by region, package size, and type of grain; and rice shipments by mill origin.

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Editors:

Verla Rape and Lindsay Mann

Layout and Design:

Carolyn Riley

Production:

Patricia Beavers

Division Representatives:

*Lorna Aldrich, Kenneth Baum,
Arthur Dommen, Wynn Francis,
and Robert Rovinsky*

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Administrator's Letter – Fulfilling ERS's Citizenship Responsibilities: Part II

This letter continues a report I began in the previous ERS newsletter on improving ERS's effectiveness as a responsible citizen of our scientific and professional community.

By law, the ERS administrator is a member of the Joint Council on Food and Agricultural Sciences, the body ultimately responsible for setting priorities for the agricultural sciences. ERS is an active institutional member of the Agricultural Research Institute, and we have representatives on the Joint Council's National Agricultural Research Committee and on the regional committees of the State agricultural experiment station directors. ERS representatives also appear annually before the congressionally mandated National Agricultural Research and Extension Users Advisory Board and have become actively involved in its priority-setting process. Senior ERS staff also participate in USDA's policy coordinating councils, chaired by the various assistant and under secretaries. In these and other linkages, ERS staff represent the interests of the social sciences and bring the contributions of the social sciences to bear on the larger scientific community.



ERS's professional linkages reach into other countries as well. We have a productive staff exchange agreement with Australia's Bureau of Agricultural Economics (ERS economist Jerry Sharples is on assignment in Canberra). ERS has been heavily involved in the Organization for Economic Cooperation and Development's (OECD) economics and rural development work in Paris, and ERS/OECD staff exchanges have taken place. ERS economists have served in key positions in the Food and Agriculture Organization of the United Nations (FAO) in Rome, Italy (ERS economist Leroy Quance just completed a tour as director, Statistics Division, FAO). By virtue of close ties with USDA's Office of International Cooperation and Development and with the U.S. Agency for International Development, ERS staff continue to serve on short- and long-term assignments in all parts of the globe. Working with USDA's National Agricultural Statistics Service, ERS staff have helped Egypt and Morocco establish statistical and policy analysis capabilities. Recently, ERS has been involved in short-term staff exchanges with the Mexican Ministry of Agriculture. These examples illustrate the pervasive involvement of ERS staff in the global professional community.

ERS is also providing other researchers greater access to our rich data base, which can greatly enhance the productivity of the social sciences. ERS data coordinator Edward Reinsel is coordinating the updating of the 12-volume *Major Statistical Series of the U.S. Department of Agriculture*. ERS data manager James Horsfield and others have initiated the development and sales program of ERS data disks and tapes. We have made some progress toward an ERS-wide electronic data base and directory, but we have a way to go before access to ERS data is user friendly and widespread. Making real progress in data access may be our greatest professional citizenship challenge in the year ahead.

As we approach the holiday season, I want to thank my colleagues in ERS and our cooperators and friends throughout the country and world for your contributions and support during 1987. For all of you, may 1988 bring personal and professional reward and fulfillment.


John Lee

Personnel Notes

Ballenger Is New CED Section Leader

Nicole Ballenger is the new leader, Commodity Trade Programs Section, Commodity Trade Analysis Branch, Commodity Economics Division. Ballenger joined ERS's Latin America Branch in 1984, where she did research in developing country issues and agricultural sector modeling. Prior to 1984, she was with a San Francisco investment firm and also served as a volunteer for the Institute for Food and Development Policy.



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Ballenger received a B.A. in economics from the U. of California (Santa Cruz) and M.S. and Ph.D. degrees in agricultural economics from the U. of California (Davis). She received the ERS Administrator's Special Merit Award for her participation in a group report on *Agricultural Trade Responsiveness in Western Hemisphere Countries* (AGES-860326, April 1986).

Glauber Is New CED Section Leader

Joseph Glauber is the new leader, Fibers and Oils Research Section, Crops Branch, Commodity Economics Division.



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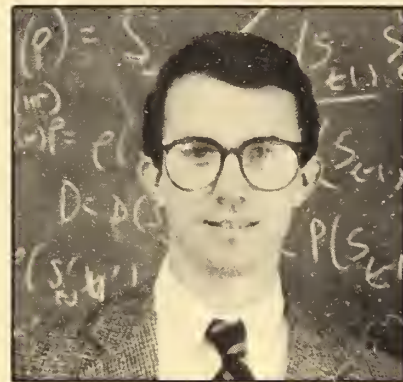
Since joining ERS in 1984, Glauber's research has included studying the role of public and private storage in price stabilization, the effectiveness of marketing loans, and the use of futures and options as alternatives to price supports. Glauber has published numerous articles in the area of public and private stockholding and market stabilization.

Glauber has an A.B. in anthropology from the U. of Chicago and a Ph.D. in agricultural economics from the U. of Wisconsin.

Hanthorn Named CED Section Leader

Michael Hanthorn is the new leader, Food Grains Analysis Section, Crops Branch, Commodity Economics Division. Hanthorn joined ERS in 1980 as a pesticide market analyst and later was leader of the farm machinery project in the former Natural Resource Economics Division.

Hanthorn has received two USDA Certificate of Merit Awards for carrying out the farm machinery outlook and situation analyses and assessing the implications for input use of the *Food Security Act of 1985* alternatives, and for analyzing the economics of farm pest control and contributing to the inputs outlook and situation series. He received the ERS Administrator's Special Merit Award for significant



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contribution in developing and preparing the inputs outlook and situation series.

Hanthorn has numerous publications on farm input productivity analysis, market analysis for farm inputs, farm program analysis, and analysis of the farm program commodity markets.

Hanthorn received a B.A. in economics and business from Hendrix College (Conway, Ark.) and an M.S. degree in agricultural economics from the U. of Arkansas.

Langley Is New ATAD Section Leader

Suchada Langley is the new leader, Agricultural Policy Research Section, U.S. Agricultural Policy Branch, Agriculture and Trade Analysis Division.

Langley joined ERS in 1985 and has worked in the agricultural policy area. She was a member of the

U.S.-Canada Free Trade Study Group, and is currently leading a team that is analyzing (and coordinating other ERS work on) the impacts on U.S. agriculture of trade liberalization proposals.

Langley has numerous publications in the areas of



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agricultural subsidies, agricultural and macroeconomic policy, government intervention in agriculture, and rational expectations.

Langley received a B.S. degree with honors and an M.S. degree in economics from Chulalongkorn U. (Thailand) and a Ph.D. in economics from Iowa State U. She also received a diploma in international and national development from the Institute of Social Studies (Netherlands) and an ERS Administrator's Special Merit Award for special achievement on U.S.-Canada trade issues.

Lucier Named CED Section Leader

Gary Lucier has been selected to be the new leader, Vegetable Analysis Section, Fruits, Vegetables,

Sweeteners, and Tobacco Branch, Commodity Economics Division. Lucier joined ERS in 1980 as an analyst in the farm income area. Prior to joining ERS, he was a research associate at the U. of Nevada (Reno), working on integrated pest management. He was also an extension assistant at the U. of Massachusetts where he was responsible for surveying commercial and small-scale vegetable growers in Massachusetts and for developing enterprise budgets.

Lucier has numerous publications on farm income, farm sector review, and costs of producing vegetables.

Lucier received a B.S. degree in agricultural and resource economics from the U. of Massachusetts and an M.S. degree in agricultural and resource economics from the U. of Nevada. He received three ERS Administrator's Special Merit



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Awards for outstanding leadership in farm income and balance sheet forecasting and analysis, for developing the farm income and finance situation and outlook program, and for staff analysis for the *Food Security Act of 1985* impact group. Lucier also received a USDA Certificate of Merit for developing the farm income and finance situation and outlook program in ERS.

Schaub Is New CED Section Leader

James Schaub is the new leader of the Oil Crops Analysis Section, Crops Branch, Commodity Economics Division. Schaub joined ERS's Economic Development Division in 1979 to conduct research on labor markets. In 1985, Schaub joined the Crops Branch where he became a nationally recognized expert on peanuts and other oilseeds.



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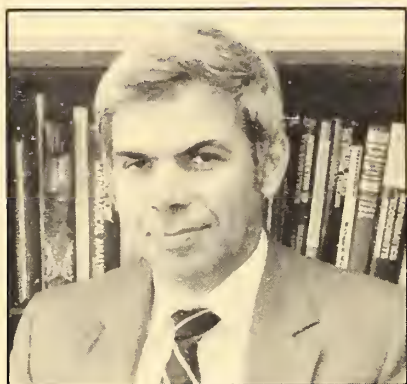
Prior to joining ERS, Schaub taught economics and statistics at Loyola College (Baltimore, Md.) and was an instructor in the Department of Economics and Business at North Carolina State U.

Schaub has published widely in the area of rural economic development, oilseed demand, and international trade in oilseeds. He is actively involved with the National Peanut Council on Peanut Stocks and Processing.

Schaub received M.S. and Ph.D. degrees in economics from North Carolina State U.

Southard Is New CED Section Leader

Leland Southard is the new leader, Pork Analysis Section, Livestock, Dairy, and Poultry Branch, Commodity Economics Division. He joined ERS in 1967 and



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has done extensive research on the agricultural marketing system.

Southard received an M.S. in agricultural economics from Louisiana State U. and did graduate work in agricultural economics at the U. of Maryland. He received a USDA Superior Service Award for marketing research and staff analysis and a USDA Certificate of Merit for work in the U.S. hog industry.

Southard has authored over 200 articles on food marketing and the hog industry.

Highlights of Staff Activities

Agriculture and Rural Economy Division

Leonard Bloomquist and **Leif Jensen** presented a paper on " 'Workfare' and Nonmetro America: An Assessment of the Employment Opportunities for Nonmetro Welfare Recipients," at an Association for Public Policy Analysis and Management conference, in Bethesda, Md. • **David Harrington** gave the keynote address on "Size, Well-Being, and Policy in Agriculture" at a research symposium of traditionally black land-grant colleges and universities, in Washington, D.C. • **Max Jordan** participated in a meeting of the Southern Rural Development Center board of directors, in Biloxi, Miss. • **Norman Reid** chaired a discussion of rural development policy options at a Council of State Governments conference on "Rural Economic Development: Jobs, Education and Technology," in Lexington, Ky. • and **Donn Reimund** spoke about the problems facing midsize farmers at a League of Women Voters workshop on agriculture, in Washington, D.C.

Agriculture and Trade Analysis Division

Nancy Cochrane, **Edward Cook**, **Robert Koopman**, and **Kathryn Zeimetz** presented papers at a conference on Soviet and East European agriculture, in Berkeley, Calif. • **Cochrane** also briefed American women participating in a USDA-sponsored workshop for women in agriculture on agricultural production, trade, and policy issues in Yugoslavia and Hungary, in

Washington, D.C. • **Cook** also presented a paper on Gorbachev's "intensification" programs for crop and livestock production at a meeting of the Organization for Economic Cooperation and Development ad hoc group on East-West trade in agricultural products, in Paris, France • **Suzanne Dash** and **Gene Hasha** visited the Federal Republic of Germany (FRG), the United Kingdom, and Belgium under a scientific exchange with the FRG looking at policy modeling activities and issues related to renationalization of agricultural policies in the European Community • **Christian Foster** traveled with the Soviet side of the U.S.-U.S.S.R. Economic Research and Information Working Group to Philadelphia, Pa., to tour USDA's Agricultural Research Service facilities, and to West Lafayette, Ind., to tour Purdue U. • **Walter Gardiner** and **Michael Herlihy** went to the Netherlands to study its feed-livestock industry • **Gardiner** and **Mark Newman** met with researchers, government officials, private sector importers, and feed compounders to discuss changes in Spain's feed-livestock sector attending Spain's accession to the European Community, in Spain • **Newman** also presented a paper (coauthored by James Langley, USDA's Agricultural Stabilization and Conservation Service) on "The U.S.-European Community Grain Trade Conflict: An Assessment of Policy Proposals and Experience," at the 5th European Congress of Agricultural Economists, in Budapest, Hungary • **Kenneth Gray** participated on the U.S. side of the U.S.-U.S.S.R. Economic Research and Information Working Group, which worked out an agreement for

cooperative exchanges over the next 2 years, in Washington, D.C. • and **Francis Tuan** spent a month investigating oilseed and cotton production in the major growing provinces of Henan, Hubei, Jiangsu, Shandong, and Sichuan, in the People's Republic of China.

Commodity Economics Division

Lee Christensen, Mark Weimar, and Lawrence Witucki participated in a Shell Egg Price Discovery Symposium organized by ERS and USDA's Agricultural Marketing Service, in Washington, D.C. • **Terry Crawford** represented ERS at a Western Regional Coordinating Committee meeting on rangeland economics, in Reno, Nev. • **Charles Handy** served as program and general arrangements chairman for a Food Distribution Research Society meeting, in Williamsburg, Va. • **Handy** also met with USDA's Food and Nutrition Service staff to help develop a retail food price survey methodology for the women, infants, and children nutrition program, in Washington, D.C. • **Michael Hanthorn** spoke on "Policy Responses in Major Grain Exporter Systems" at a National Association of Wheat Growers Transportation and Marketing conference, in Portland, Oreg. • **James Miller, Sara Short,** and other members of USDA's Dairy Interagency Committee met with USDA Assistant Secretary for Food and Consumer Services John Bode on the adequacy of Commodity Credit Corporation cheese supplies for domestic donations, in Washington, D.C. • **Tanya Roberts** spoke on "Economic Issues in Food Safety" at a Washington Seminar in Economic Policy meeting, in Washington, D.C. • and **Carolyn**

Whitton toured the U.S. cotton belt with the Cotton Council International's annual orientation tour.

Resources and Technology Division

Eva Clark, Ralph Heimlich, Kenneth Krupa, and Linda Langner participated in a Grazing Lands Forum, in Harper's Ferry, W.Va. • **Stephen Crutchfield** participated in a conference on the nonpoint source pollution provisions of the *Water Quality Act of 1987*, in Chicago, Ill. • **Crutchfield** also presented a seminar on how nonpoint pollution can affect commercial fisheries, at Cornell U. • **Ralph Heimlich and John Miranowski** participated in a conference on progress, problems, and prospects for the conservation title of the *Food Security Act of 1985*, in Kansas City, Mo. • **Heimlich** also discussed the swampbuster provision of the *Food Security Act of 1985* at a meeting with officials from USDA's Soil Conservation Service and the Environmental Protection Agency (EPA), at EPA's Environmental Photographic Interpretation Center, in Vint Hill, Va. • **Miranowski** also discussed environmental issues of the 1990's at an Agribusiness Marketing Research conference, in Denver, Colo. • **Hyunok Lee** presented a paper (coauthored with Robert Chambers) on agricultural loan pricing, at the 5th European Congress of Agricultural

Economists, in Budapest, Hungary • and **Katherine Reichelderfer** presented a paper on the economics of pest management, at an International Congress of Plant Protection, and a paper on the environmental aspects of pesticide use, at the International Rice Research Institute, both in the Philippines.

Office of the Administrator

John Lee participated in a Global Agricultural Trade Study conference, in San Diego, Calif. • **Bob Robinson** participated in a Joint Council on Food and Agricultural Sciences meeting and in a National Agricultural Research and Extension Users Advisory Board meeting, in Orlando, Fla., and in the centennial celebration of the New Hampshire Agricultural Experiment Station, in Durham, N.H. • and former ERS administrator **Quentin West** was awarded the Inter-American Agricultural Medal for outstanding contributions to the development of agriculture and the improvement of rural life.

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ECONOMIC RESEARCH SERVICE, ROOM 1212
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